The law states that if it is so specified in the special petroleum operation contract, the contractor is allowed to export the hydrocarbons received as payment, without the limitations imposed by the normal regulations applied to exports. The right to freely make use of foreign currency generated by exports of such hydrocarbons is guaranteed.

In *Annex A* summary is presented of the principal regulations contained in this law.

Refining, Importation and Distribution

Present legislation on refining, importation, and distribution of petroleum and its derivatives is contained in Decree Law Nº 18179:

All entities that engage in the business of importing, refining, distributing, transporting, or retailing petroleum, petroleum derived fuels, natural gas and LPG directly to the consumer must be registered with the Ministry of the Economy.

The law provides that the President of the Republic is authorized to impose, by Presidential Decree issued through the Ministry of the Economy, certain duties on registered entities, with the purpose of preventing actions or activities harmful to the population or property.

The President of the Republic is authorized to establish, as a national policy, the technical and quality standards applicable to different kinds of petroleum, petroleum derived fuels, and any other fuels. Likewise, he is also authorized to set forth standards applicable to the marketing of these products.

The law provides that any producer or importer of liquid fuels derived from petroleum is responsible for maintaining an average reserve stack for each product on an amount equivalent to a 25 day average sale computed over the last six months, or the average import amount for the same period, provided it is kept for his own consumption.

The pricing system must comply with regulations set forth the Organic Law of the Ministry of the Economy.

4.6 INCENTIVES REGULATIONS AND RESTRICTIONS TO PETROLEUM PRODUCTION

The main incentives in the area of exploration and exploitation are described in the system of special petroleum operations contracts (see annex). These are risk-contracts guaranteeing the contractor a previously agreed compensation in petroleum, which is to be exported or purchased by the state. In addition, when authorized by the